

Message Text

UNCLASSIFIED

PAGE 01 STOCKH 05064 01 OF 02 161012Z

21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 OMB-01 EB-07 TRSE-00

COME-00 /062 W

----- 009277

R 160800Z SEP 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 8682

INFO USIA WASHDC

DOD WASHDC

UNCLAS SECTION 1 OF 2 STOCKHOLM 5064

E.O. 11652: N/A

TAGS: PFOR, SW

SUBJECT: SALE OF US EQUIPMENT TO SWEDISH DEFENSE

REF: STOCKHOLM 5009

TRANSMITTED HERewith ARE TRANSLATIONS OF THREE ARTICLES ON
SUBJECT AFFAIR WHICH APPEARED IN TODAY'S AFTONBLADET (SOCIAL
DEMOCRATIC).

1. HEADLINE: "USA WANTED TO KEEP THE AFFAIR SECRET - A MAN IN
THE DEFENSE COMMAND TO AFTONBLADET: "THE AMERICANS PROBABLY DID
NOT WANT IT BE KNOWN THAT THEY WERE SUPPLYING ELECTRONIC EQUIP-
MENT TO NEUTRAL SWEDEN."

PIX SYNnergREN: STIG SYNnergREN, SUPREME COMMANDER: " I HAVE
A SECRET BUDGET FOR THINGS OF THIS NATURE. SOME TENS OF MILLION
KRONOR. THE PURCHASES CONSISTED OF ELECTRONIC EQUIPMENT. THE
CABINET KNOWS WHAT IT IS."

PIX JUGE: "I WAS CARELESS TO WRITE SMUGGLING." SVEN JOGE, EX-
VICE RIKSBANK CHIEF: "THAT NOTE ABOUT THE MONEY BEING SMUGGLED
OUT WAS A CARELESS NOTE ON A DOCUMENT NEVER INTENDED FOR THE
PUBLIC."

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 05064 01 OF 02 161012Z

PIX GUILLOU: "HERE IS THE PROOF AGAINST THE SUPREME COMMANDER."
JAN GUILLOU, REPORTER AT FIB/KULTURFRONT AND THE PERSON WHO
REVEALED THE IB AFFAIR PROVOKED C-IN-C SYNNERGREN: WAS IT A
MATTER OF PURCHASING MATERIAL OR SERVICES?

"THE AFFAIR WITH THE SECRET ELECTRONIC EQUIPMENT FROM THE US
WILL BE A CASE FOR THE NEW INTELLIGENCE BOARD SET UP JULY 1,
"WE WILL FOLLOW THE ENTIRE ACTIVITY," SAYS MP TORSTEN FREDRIKSSON
(SOCIAL DEMO) OF GRANGESBERG TO AFTONBLADET.

"THE BOARD CONSISTS OF TWO SOCIAL DEMOCRATS, ONE REPRESENTATIVE
FROM EACH OF THE NON-SOCIALIST PARTIES, AND ONE SUPREME COURT
JUSTICE.

"IT WAS CREATED AS A RESULT OF THE WORK OF THE IB INVESTIGATION.
IB WAS THE INTELLIGENCE ORGANIZATION DISCLOSED BY THE MAGAZINE
FIB/KULTURFRONT.

"THE ACTIVITY THAT IB CARRIED ON PROVED THAT BETTER PARLIAMENTARY
CONTROL OF THE INTELLIGENCE WORK AND ITS SECRET BUDGET WAS
NECESSARY.

"THAT CONTROL HAS NOT YET STARTED. THE NEWLY FOUNDED INTELLIGENCE
BOARD HAS SO FAR ONLY HAD TIME FOR ONE MEETING AND HAS NO
KNOWLEDGE OF THE TRANSACTIONS WITH THE US AS OF NOW.

"BEFORE THE IB DISCLOSURE IT WAS NOT EVEN KNOWN THAT A SECRET
BUDGET WITHIN THE DEFENSE ESTABLISHMENT EXISTED. THE MEANS
WERE ALLOTTED BY THE PARLIAMENTARY COMMISSION ON DEFENSE
WITHOUT IT HAVING ANY POSSIBILITY OF A DETAILED CONTROL OF
HOW THE MONEY WAS SPENT.

"C-IN-C: WE ARE HONEST. IT IS STILL THE COMMISSION OF DEFENSE
WHICH APPROPRIATES THE MEANS, BUT NOW THE INTELLIGENCE BOARD
WILL CLOSELY FOLLOW WHAT HAPPENS WITH THE MONEY. THE APPRO-
PRIATIONS HAVE INCREASED, FOREIGN MINISTER SVEN ANDERSSON
INDICATES THE SUM AS 'SEVERAL TENS OF MILLION KRONOR.'

"THE SUPREME COMMANDER, STIG SYNNERGREN, AT HIS PRESS CONFERENCE
YESTERDAY MADE NO SECRET THAT THE TRANSACTIONS NOW IN QUESTION
INVOLVE MATERIAL FOR INTELLIGENCE ACTIVITIES. THEREBY, HE
AVOIDED FURTHER ELABORATIONS ON THE SUBJECT.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 05064 01 OF 02 161012Z

"STILL, WE ARE HONEST IN THIS AFFAIR," THE C-IN-C SAID. "IT IS
THE AMERICANS WHO HAVE HESITATED WITH RESPECT TO HOW THE MONEY
SHOULD BE PAID. BUT I KNOW THAT IT WAS REACHED THE ADDRESSEE."

"THE TRANSACTIONS NOW MADE PUBLIC INVOLVE SOMEWHAT MORE THAN TWO
MILLION KRONOR (APPROX. \$455,000) IN THE YEARS 1970-1973.
SYNNERGREN CONFIRMED THAT THE TRANSACTIONS CONTINUED AFTER 1973.

"ANOTHER TWO MILLIONS ARE INVOLVED SINCE THEN." RECENT PAYMENTS HAVE BEEN CHANELLED THROUGH THE SKANDINAVISKA ENSKILDA BANK AND THE CHEMICAL BANK IN NEW YORK, WHERE THEY HAVE BEEN SIGNED FOR BY THE FORMER GENERAL ROCKLY TRIANTAFELLU AND FORWARDED TO THE FINAL RECIPIENT."

"THE C-IN-C IS SURE THE RIGHT ADDRESSEE HAS RECEIVED THE MONEY. THE SWEDISH DEFENSE ANNUALLY BUYS MILITARY EQUIPMENT ABROAD FOR ABOUT 200 MILLION KRONOR. FROM THE US ALONE FOR AN AVERAGE OF 50 MILLION KRONOR EACH YEAR."

"SOME OF THE SECRET-STAMPED MATERIAL IS BOUGHT FOR MONEY ACCOUNTED FOR IN THE DEFENSE BUDGET. WITH NO INDICATION THAT IT IS FOR SECRET MATERIAL.

"THE PURCHASES MADE WITH MONEY FROM THE SECRET BUDGET CAN BE CONTROLLED ONLY BY THE AUDITORS OF THE CIVIL DEFENSE ADMINISTRATION, AND, NOW, ALSO BY THE INTELLIGENCE COMMISSION.

"PERSONALLY RESPONSIBLE: ANOTHER ANONYMOUS SOURCE IN THE DEFENSE COMMAND EXPLAINS THE DIFFERENT WAY OF PAYMENT BY STATING THE AMERICAN DEFENSE COMMAND, THE PENTAGON, WISHED THE SUPPLYING OF ELECTRONIC EQUIPMENT TO SWEDEN TO REMAIN A SECRET FOR TWO REASONS: 1. OTHER IMPORTING NATIONS WOULD NOT ACCEPT THAT NEUTRAL SWEDEN, TOO, HAD ACCESS TO IT. 2. THE EASTERN BLOC NATIONS COULD INSTALL COUNTERING DEVICES AGAINST THE SORT OF ELECTRONICS IN QUESTION IF IT WERE KNOWN THAT NEUTRAL SWEDEN IS USING THE SOPHISTICATED AMERICAN EQUIPMENT IN ITS RECONNAISSANCE."

2. HEADING: "SVEN ANDERSSON: I OUGHT TO CLEAR UP A NUMBER OF DARK SPOTS"

"FOREIGN MINISTER SVEN ANDERSSON BELIEVES THERE ARE DARK SPOTS
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STOCKH 05064 01 OF 02 161012Z

IN THE MONEY TRANSACTION AFFAIR. HE HAS NOW STARTED AN INVESTIGATION TO CLARIFY THE QUESTIONS HE DOES NOT UNDERSTAND.

"I AM TRYING TO FIND OUT, FOR EXAMPLE, WHY IT TOOK 6 MONTHS BEFORE PAYMENT WAS MADE AFTER IT WAS CLEAR TO WHOM THE MONEY SHOULD BE SENT IN 1970. I AM TRYING TO FIND OUT FOR MYSELF AND AM THEREFORE INVESTIGATING TO BRING LIGHT INTO THE MATTER."

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 STOCKH 05064 02 OF 02 161011Z

21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 OMB-01 EB-07 TRSE-00

COME-00 /062 W

----- 009225

R 160800Z SEP 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 8683

INFO USIA WASHDC

DOD WASHDC

UNCLAS SECTION 2 OF 2 STOCKHOLM 5064

"MR. FOREIGN MINISTER, DO YOU MEAN THERE ARE DARK SPOTS IN THE WAY PAYMENT WAS MADE?

"YES, I DO. AS TO THE FIRST PAYMENT WHICH, ACCORDING TO STATEMENT, WAS MADE IN 100 DOLLAR BILLS, I HAVE BEEN ASSURED THAT THAT WAS NOT THE CASE. BUT IT IS AN UNUSUAL REQUEST THAT I DO NOT UNDERSTAND. APPARENTLY THERE WERE DISCUSSIONS BETWEEN THE BANK OF SWEDEN AND THE ENSKILDA BANK DURING A LONG TIME - A DISPUTE - ON HOW THE MONEY WAS TO BE PAID, AND THAT IS WHAT I AM TRYING TO FIND OUT. WHY IT TOOK SIX MONTHS BEFORE PAYMENTS WAS MADE IS NOT CLEAR TO ME. ALTHOUGH I BELIEVE IT WAS FOR TECHNICAL REASONS, THERE WAS A DELAY. I WOULD LIKE TO KNOW WHY IT WAS SIX MONTHS BEFORE PAYMENT WAS MADE."

"WHY DID YOU DISCLAIM THE WHOLE TRANSACTION WHEN JAN GUILLOU FROM FIB/KULTURFRONT PHONED YOU IN VINGAKER?

"JAN GUILLOU TALKED OF 1) SMUGGLING, 2) PAYMENT FOR SERVICES. SINCE I NEITHER "SMUGGLED" OR PAYED FOR SERVICES, I WAS CONVINCED HE WAS WRONG. THAT'S WHY I ANSWERED AS I DID. IT IS CLEAR, HOWEVER, THAT THE MONEY CAME FROM FUNDS AT SYNNERGREN'S DISPOSAL. THE C-IN-C HAS SEVERAL FUNDS AT HIS DISPOSAL AND IT IS A QUESTION OF TENS OF MILLIONS OF KRONOR YEARLY."

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STOCKH 05064 02 OF 02 161011Z

"YOU CALLED THE GOVERNMENT TO A MEETING LAST WEEK. WHY DID YOU DO THAT?"

"I SUSPECTED FIB/KULTURFRONT WOULD PUBLISH THIS, AND I WANTED TO INFORM THE GOVERNMENT OF WHAT HAD HAPPENED. I GAVE A REPORT ON THE AFFAIR AT A LUNCHEON."

3. HEADING: "TODAY THE GENERAL IS SELLING TO THE PENTAGON."

"NEW YORK - GENERAL ROCKLY TRIANTAFELLU'S HOUSE AT GOODVIEW COURT IN FAIRFAX OUTSIDE OF WASHINGTON, D.C. WAS YESTERDAY WATCHED BY JOURNALISTS WANTING COMMENTS ON THE SECRET MONEY WHICH TRIANTAFELLU RECEIVED FROM SWEDEN IN 1970. BUT THE ISSUE WAS MET BY SILENCE, NO COMMENTS FROM THE PENTAGON NOR FROM ROCKLY TRIANTAFELLU HIMSELF.

"THE FORMER AIR FORCE COLONEL IS NO LONGER EMPLOYED BY THE PENTAGON BUT IS WORKING FOR A RESEARCH COMPANY, CALSPAN CORPORATION, WITH HEADQUARTERS IN BUFFALO AND SEVERAL LOCAL PLANTS ALL OVER THE U.S., E.G. IN ARLINGTON (VIRGINIA) OUTSIDE OF WASHINGTON, D.C. WHERE TRIANTAFELLU IS WORKING, AND IN LOS ANGELES.

"IT IS NOT CLEAR WHETHER IT WAS FROM CALSPAN CORPORATION OR FROM ITS SUBSIDIARY, TECHNOLOGY PRODUCTS, FROM WHICH SWEDEN PURCHASED MATERIAL PAID FOR THROUGH THE AMERICAN GENERAL.

"A SPOKESMAN FOR CALSPAN SAYS TO AFTONBLADET THAT THE COMPANY EMPLOYS 850 PEOPLE. ALL OF THEM TECHNICIANS, RESEARCHERS AND SCIENTISTS. THE MOTHER COMPANY DOES NOT PRODUCE ANYTHING BUT DEVOTES ITSELF EXCLUSIVELY TO RESEARCH. TECHNOLOGY PRODUCTS, HOWEVER, PRODUCES AIR COMPRESSORS AND SYSTEMS FOR ANALYZING FINGER PRINTS WHICH THEY HAVE DEVELOPED FOR BANKS AND THE AMERICAN POLICE.

"GENERAL ROCKLY TRIANTAFELLY WAS DIRECTOR OF THE INTELLIGENCE AGENCY OF THE U.S. AIR FORCE AND NOBODY AT THE CALSPAN OFFICE TODAY WANTS TO GIVE OUT ANY INFORMATION ABOUT HIS EMPLOYMENT THERE. ACCORDING TO REPORTS IN SWEDEN HE WORKED WITH THE WEAPON'S INDUSTRY. HE CONFIRMED FOR THE WASHINGTON POST THAT IT WAS HE WHO RECEIVED THE MONEY FROM SWEDEN, BUT HE SAID THAT IT CONCERNED SOME BUSINESS BETWEEN THE U.S. AND UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STOCKH 05064 02 OF 02 161011Z

SWEDEN.

"THE CALSPAN COMPANY CONFIRMS THAT ITS CONTRACTS WITH THE U.S. GOVERNMENT ARE ESTIMATED TO ABOUT 112.5 MILLIONS DOLLARS PER YEAR AND THAT A BIG PART IS CARRIED OUT FOR THE PENTAGON. THAT IT COULD BE SOMETHING APART FROM EQUIPMENT IS CONSIDERED TO BE OUT OF THE QUESTION, THE COMPANY DEALS WITH

PRODUCTS, NOT SERVICES.

"PENTAGON'S BIGGEST SUPPLIERS ARE THE SCANDAL-SHAKEN LOCKHEED
AIRCRAFT AND GENERAL DYNAMICS.

"LITTON INDUSTRIES, WHICH OWNS SWEDA IN SWEDEN, IS NOW WORKING
AT A 970 MILLION DOLLAR CONTRACT FOR THE U.S. NAVY BY BUILDING
FOUR HELICOPTER CRUISERS.

"THE PENTAGON EVERY YEAR PLACES ORDERS OF ABOUT 25 BILLION DOLLARS
WITH PRIVATE INDUSTRY AND ORDERS COME FROM FOREIGN
COUNTRIES.

"ACCORDING TO A RECENT STUDY, THE TREND IS FOR U.S.
COMPANIES TO BE HESITANT ABOUT WORKING FOR THE PENTAGON."
SMITH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, PRESS COMMENTS, ELECTRONIC EQUIPMENT, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STOCKH05064
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760349-0645
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760951/aaaabsbn.tel
Line Count: 293
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STOCKHOLM 5009
Review Action: RELEASED, APPROVED
Review Authority: vandyklc
Review Comment: n/a
Review Content Flags:
Review Date: 20 FEB 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 FEB 2004 by MaustMC>; APPROVED <26 AUG 2004 by vandyklc>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SALE OF US EQUIPMENT TO SWEDISH DEFENSE
TAGS: PFOR, SW, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006